

January 24, 2020

City of McMinnville Planning Department  
Attn: Charles Darnell  
231 NE Fifth Street  
McMinnville, Oregon 97128

RE: Stafford – CPA 1-19; ZC 1-19; PDA 2-19; PD 1-19; s 1-19; L 2-19

Dear Mr. Darnell,

During your presentation to the City Council on January 14, 2020, you highlighted several goals and policies and stated that the proposed Stafford development referred to as Baker Creek North met all the various criteria. I wasn't too surprised that you neatly skipped over one:

Policy 68.00 The City of McMinnville shall encourage a compact form of urban development by **directing residential growth close to the city center and to those areas where urban services are already available** before committing alternative areas to residential use.

I've included excerpts from some letters I wrote in 2017 concerning Baker Creek East and West that apply to Baker Creek North.

### **Facts or Fear?**

A January 16, 2019 memo from Tom Schauer, Senior Planner, to the City Council and Housing PAC highlighted the PSU Population forecast for McMinnville. Looking at 2018 numbers, PSU forecast a population of 34,759 when we actually were 33,665. A difference of 1,094 doesn't seem like much, but on the same page, Mr. Schauer noted: "Using the population forecast, housing needs are calculated, accounting for average household size, vacancy rates, and share of population that are forecast to live in group quarters. On average, this is **roughly 220 new dwellings per year.**" Using the safe harbor of 2.55 persons per household, **for 2018 the state figured we were short 429 housing units, or almost two years of inventory**, when in fact, **their forecast was incorrect.** Multiply that level of error out over several years, and we are faced with trying to catch up to an unrealistic number attached to a phantom population: the 2019 PSU population projection is 1,401 higher than actual, which results in **a 2019 paper deficit of 549 housing units.** You can see how, in just two years, we are facing a geometric progression – or maybe regression would be more accurate.

While I understand that the state demands we use their population numbers for planning, **the level of state error is encouraging local decision makers to react**

**rather than actually consider the situation.** Specifically, I believe an apartment complex was approved in the Three Mile area in the second half of 2019. Shortly after that was approved, questions about water and sewer capacity limitations in that area came to light. My understanding is that we have land around Three Mile, but may now not have water capacity for any significant development in that area until service upgrades are completed. So because people are panicking about lack of housing, high density housing is being shoe-horned into the northwest corner of the UGB, not because it's near the city center, transit, or a commercial center, but simply because it can be built there and, understandably, the developer wants as much profit as possible. **The highest density in McMinnville will be right at the edge of the UGB, pushing up against prime farmland with no transition, no transit and no commercial center.** A March 7, 2019 memo from City Planning Staff to the BLI/HNA/Housing strategy PAC members stressed the Great Neighborhood Principles, including “**10. Urban Rural Interface – Complement adjacent rural areas and transition between urban and rural uses.**”

### **Design or Disaster?**

The same memo also references Human Scale Design and House Variety to **avoid monoculture design.** I get to consider those principles every time I pass Baker Creek West. Deciduous trees will never shield those blank facades, no matter how large they grow. Since it is now built and we all have to live with it, has any consideration been giving to changing the street trees to evergreen?



To be fair, I thought I should show the back of another developer's project.



This is the **rear service alley**, and is designated for resident parking, utilities and other services. There is significantly more architectural interest on these alley-facing facades than on the Baker Creek West facades that face Hill Road. Similar lot sizes and price ranges. Guess which project was designed and built by someone who lives in McMinnville?

### **Density or Dilemma?**

The City Planning Staff memo also had some interesting comments about density and what residents wanted:

When we were conducting our Great Neighborhoods Principles outreach, we heard from residents that they were not interested in high density housing prototypes that looked and felt like Portland Metropolitan communities – they wanted to preserve the small town charm of McMinnville. **When we showed pictures of human-scale density – duplexes, triples, quadplexes, small to mid-size apartment projects – most people felt that McMinnville could absorb those housing types with thoughtful design and development standards. At the same time, there are many people in the community that feel that the City center may absorb higher density housing more effectively than the surrounding neighborhoods.**

And yet our city center apartments are now vacation rentals, we have Baker Creek West, and we're staring down the barrel of Baker Creek North.

Only Village Quarter apartments remain in the city center. (Village Quarter is senior affordable housing run by the Housing Authority of Yamhill County. The 50 units were built in 2008.)

It's also fun to note the same memo calls out **large apartments as being over 10 units**. We now have Evans Street Apartments with 120 units, Baker Creek West with 70 units, and Baker Creek North being proposed for 120 units. That's 310 apartment units directly off of Baker Creek Road. Then Baker Creek "South" (Baker Creek West and East) includes 208 houses; Baker Creek North is applying for 280 houses. That gives Stafford 488 single family houses directly off Baker Creek Road. Add in the proposed 108 single family houses in Oak Ridge Meadows and the total becomes 596 single family houses directly off of Baker Creek Road. Including the 310 apartments, **906 housing units have been added directly off Baker Creek Road**.

On December 4, 2019, I sent a letter to Charles Darnell concerning the Baker Creek North application. It including the following:

- What happens to traffic on Baker Creek Road?
- Does any of this construction count towards what McMinnville needs to account for beginning in 2021 or will McMinnville still need to come up with additional land and housing because of state mandates based on inflated population projections? Would it be in our best interest to delay until 2021?

As far as I can tell, we have added 906 housing units that do not, and will not, apply to the state-mandated targets. Based on the average of 220 housing units annually, that's over 4 years of supply – or 20% of our state-mandated 20-year planning period. Of that total, only six months' supply (Oak Ridge Meadows 108 units) retain the potential to be produced by a local builder.

This is Baker Creek West's interpretation of human-scale density and thoughtful design.



**The Planning Department is recommending that Baker Creek North be allowed an additional 10 feet in height for a total of 45 feet, or four stories.** That's more than twice the height limit for **a sign along the 99W commercial corridor**. If you don't like the sign comparison, the only 4-story building façade along Third Street, AKA the City Center, is McMenamins. (The tallest building I have found in a residential zone is McMinnville High School which is in a residential area zoned for a maximum of 35 feet. The high school got a variance to 53.5 feet for its remodel.) So we don't have 4-story buildings in the middle of town, but we recommend that they be built on the edge of the UGB. That's an interesting interpretation of the Great Neighborhoods' Urban Rural Interface principle: complement adjacent rural areas and transition between urban and rural uses, not to mention McMinnville residents' desire to avoid Portland-style communities, and that high density should be clustered around the City Center. My repeating that there's no transit and no commercial center within a half mile is probably just overkill at this point.

### **Who Has to Pay for Missed Opportunities?**

We've been told that the only place available to build out high density is the northwest corner, right next to prime farm land. That is due in large part to recent decisions that have been made regarding projects in or near the city center, where density is supposed to be. First, there's the **Kaos project** that was supposed to include several floors of hotel, but instead resulted in two restaurants and a couple of floors of tasting rooms. Not sure exactly what happened to that. I've heard that the developer suddenly felt the hotel portion was too expensive and possibly hard to staff. Personally, I think that sort of issue should have been considered prior to applying and gaining the "Golden Ticket" permit to **tear down a building on Third Street** and build a new multi-story building with virtually no parking. Switching the hotel floors to apartments would have benefited the city more than additional tasting rooms. Then there's the **Taylor Hardware Building renovation** that eliminated occupied apartments in favor of vacation rentals. And most recently there is the **new Washington office building** going up between Adams and Baker near 6<sup>th</sup> Street. That was supposed to include a couple of floors of apartments. An apartment unit as well as a house were demolished to make room for the new construction. But it's only office space and no apartments because, again, after the fact (and the permit), it was determined that apartments were too expensive to build. April 21, 2017, I sent a letter to Ron Pomeroy of the Planning Department that included the following:

17.53.075 D. and E. provide a basis to require a subdivider to provide a deposit or bond to assure full and faithful performance, particularly for roads, construction damage to existing roads, and utilities. Proof of financial performance can also be required for landscaping, so it is not unreasonable to expect some level of assurance of performance for a project of this size.

So, the city has walked away from three recent opportunities to provide housing units and increase density in or near the city center and has decided that the best solution to their little faux pas is to throw density into the northwest corner. Thanks.

## **Commercial or Confused?**

The developer wants to eliminate most of the Baker Creek North commercial land, probably because the developer has spent about a year unsuccessfully trying to find tenants, and residential land is more marketable at this point. I guess the corner of Hill and Baker Creek still isn't considered a commercial hub location.

There's been strong discussions about retail leakage, most recently at a January 21 EOA and Urbanization Study PAC meeting. As part of a study by Leland Consulting Group for the Three Mile Lane Area Plan (3MLAP), it was determined that 12.2 additional acres of commercial space would provide sufficient land to "capture some of the retail spending that is occurring in the larger Salem, Portland and I-5 corridor markets." Assuming that's correct, why would we give up commercial land that has the potential to be much more valuable to McMinnville as an ongoing revenue stream?

In a letter to Ron Pomeroy, dated January 23, 2017 and referring to the Baker Creek West application I wrote:

### **Ordinance 4626**

Ordinance 4626 was recorded on July 9, 1996. **It only refers to Tax Lot 200**, which is the tax lot south of the section of land referred to above as Parcel 3 (primarily Tax Lot 203). Once again, this ordinance amends "the City of McMinnville Comprehensive Plan Map from an existing commercial designation and rezoning certain property from a C-3 PD (General Commercial Planned Development) zone to an R-1 PD (Single-Family Residential Planned Development) zone on 1.2 acres of land [a portion of Parcel 3 from Ordinance 4506], and a zone change from an R-1 (Single-Family Residential) zone to an R-1 PD (Single-Family Residential Planned Development) zone on approximately 21.8 acres of land located south of Baker Creek and east of Hill Road."

Unfortunately, I do not have the two exhibits specified in Section 2 and Section 3 of the ordinance to be more specific about the larger section of Tax Lot 200, but I believe everyone following this application has an understanding of the general location.

Section 3. 2. states that "the multiple-family project(s) must be nonlinear in design and Parking lots must be broken up by landscaping. In addition, **useable open space shall be provided within the development**, and streetside landscaping shall be emphasized."

Section 3. 3 states "that the minimum interior side yard setback shall be 7.5 feet."

Other lots are called out to have minimum lot sizes as well as minimum exterior side yard setbacks, but since I do not have access to the exhibits, I have not included those lots, but have only listed the qualifications that apply to the entire parcel.

Section 3. 7. specifies that “the applicant shall initiate with the City a process which will result in the designation of a minimum net 10 acres of land on the north side of Baker Creek Road in close proximity to its intersection of Hill Road for commercial purposes. The process shall include the application of a planned development overlay **which restricts the property from use for residential purposes.**” I only mention that fact because of the applicant’s comment at the January 19, 2017 hearing that they plan to put a senior residential structure on that site. Additionally, I’m sure you know that McMinnville is already short approximately 106 acres of commercially-designated land per state requirements. And finally, if that designation was not completed, I believe Ordinance 4626 is invalid since that designation was a condition of approval.

I have included a copy of Ordinance 4626, less the two exhibits mentioned that I do not have access to, for clarification

Again, the intent of Ordinance 4626 is pretty straight forward. And unlike Ordinance 4506, **it does not list any other ordinances it is changing or amending.** I would also like to point out that **Ordinance 4626 does not refer to Tax Lot 203 at all.** Therefore, I am unsure of the source of the Staff Report statement: “Also included in the BCW portion of the site is a 3.8-acre lot identified by the applicant as Phase II of this proposal and shown on Attachment 3(g). This site is zoned C-3 PD (General Commercial. Planned Development) and **currently designated for multiple-family development by ORD. No. 4626.**”

If the leap from C-3 PD is being made based not on ORD. No. 4626 as stated, but rather on 17.33.020 Conditional Uses in a C-3 zone, I repeat the same statement I made in my January 2, 2017 letter and at the January 19, 2017 City Planning Council Session, Section F. 5. does not allow it. Specifically, “F. A multiple-family dwelling constructed to a **higher density than normally allowed** in the R-4 multiple-family zone provided the following conditions are met. It is the applicant’s burden to show that the conditions have been met: ...5. **That the provisions of this section may be utilized only in the core area, defined as that area bounded by First Street, Fifth Street, Adams Street and Johnson Street.**” It should be noted that the same qualification is listed in the R-4 zoning section as well.

An additional assumption appears to have been made regarding building height requirements. 17.33.040 Building Height stipulates “in a C-3 zone, buildings shall

not exceed a height of **eighty feet.**” I am unsure of where the 60- to 65-foot height limitation came from that was mentioned at the City Planning session, but it is irrelevant anyway. The 80-foot limitation is based on Ordinances 4128 (1981) and 3380 (1968), both of which **are superseded by Ordinance 4506 (1991)** which made a building height limit of 35-feet a condition of C-3 zoning for the section of Tax Lot 203 described as Parcel 3.

In case there is any confusion as to what restrictions apply, section 17.03.040 states “**Interpretation – More restrictive provisions govern.** Where the conditions imposed by any provision of this title are less restrictive than the comparable conditions imposed by any other provisions of this title or of any other ordinance, resolution, or regulation, **the provisions which are more restrictive shall govern.**”

I have included this excerpt because the May 2, 2017 Planning Decision Letter addressed to Morgan Hill, stated that **Stafford only wanted to amend the lot sizes in Ordinance 4626.** I assume that was because 4626 included the C-3 PD which allowed the apartment buildings in the northwest corner of Baker Creek West and also supported Stafford’s application for higher density. 4626 also included the restriction that the required 10 acres of commercial land north of Baker Creek Road, part of the current Baker Creek Road North application, was restricted from being used as residential. Instead, **the decision letter completely repealed 4626, which should have negated the C-3 PD apartment complex.** The letter was signed by the Planning Director. And the apartment complex is being built as I type. And the Baker Creek North application includes less than 10 acres of commercial and residential within the commercial that does remain.

### **Rich the New Minority?**

A really unpopular fact that no one is thinking about the lack of high income housing. According to Exhibit 89 in the Housing Needs Analysis done by ECONorthwest, McMinnville will need 1,833 new household units within the 20-year planning period for people who have more than 120% of median household income. We’ll only be short 965 new households for people who have less than 50% of the median household income. I’m sure most of you aren’t feeling sympathetic about rich people lacking twice as many housing units as poor people, but two issues should get you thinking about it.

First, ECONorthwest states that with lack of more expensive housing, rich people will buy less than they can afford. Good news for them since they’ll save money (maybe that’s why they’re rich?); bad news for the middle and lower income people because it puts more pressure on the lower-priced housing market. The March 9, 2019 memo from City Planning Staff I referenced previously makes the same points, so all planning entities are in agreement.

Second, and even more blunt and less popular, McMinnville needs the high income people who have the disposable income to support things like Habitat for Humanity –



Habitat may be able to build a house with volunteer labor, but they still need dollars to buy the land and the supplies. Disposable income makes up the difference, or outright supports, the various art pieces around town; the food pantries; the senior center; the Kids on the Block program; toy and clothing drives; and even the decorative street lights we all enjoy during the holiday season. The list is long since McMinnville has been fortunate to attract people who have the desire and the means to contribute to the community. We'd be foolish to ignore them just as we'd be foolish to ignore low income people. The Planning Department keeps talking about balance, but after a year of meetings, I haven't heard anything about high-amenity/executive level housing other than it could go in the high risk landslide area that will require a \$10 million pumping station to get water – and that won't happen for a decade.

A related point is that ECONorthwest income figures are based on **income only, not net worth**. For example, I could sell a house and bank the money. It wouldn't show up as income. (Mark Davis disagrees because he looked up the definition online, however, the ECONorthwest analysis stated, and I confirmed with their representative, that only income was used, not net worth, investments or savings.) The way the income levels are counted, McMinnville's income levels could be artificially low through the upper and middle classes, but probably not through the low and very low income classes since it's unlikely those groups have significant investments or net worth. If the income levels are not an accurate reflection of wealth, McMinnville may have more of a deficit of high-amenity/executive housing than stated in the report.

So we've taken an area that has traditionally been high income (Fox Ridge in the UGB and West Wind outside the UGB) and we now have Baker Creek West and whatever happens in Baker Creek North. We've made it high density, low service and less than attractive. Nothing being built is high-end (sorry, but no heat pump and one garage door opener is cheap, not high amenity). Anecdotally, December 31, 2019, I met someone from Eola Hills who wanted to downsize to an apartment within two years. I suggested Baker Creek West. She said she didn't want to live in a tenement, so with no high-end apartment choices she was planning on moving to St. Mary's Woods in Lake Oswego. Her words, not mine.

At what point do we walk the talk and decide that our priority is McMinnville?

Patty O'Leary